

Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 AF-10 ARA-10 EA-10 EUR-12 NEA-10
OIC-02 IGA-02 /161 W

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P 161630Z FEB 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 6066

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USMTN

ACTION STR, PASS ELECTRICALLY

STR PASS CODEL

STR PASS USITC FOR HART

E.O.11652:N/A

TAGS: MTN

SUBJECT: GUIDANCE NEEDED ON GENERAL ISSUES RAISED IN
BILATERALS ON U.S. TARIFF OFFERS

1. IN A SERIES OF BILATERALS SINCE THE U.S. OFFER WAS
TABLED, USMTN DELEGATION HAS ENCOUNTERED A NUMBER OF
GENERAL QUESTIONS AND OBSERVATIONS ON THE U.S. TARIFF
OFFER RAISED BY OTHER DELEGATIONS, NOTABLY THE EC, JAPAN,
CANADA, NORDICS, SWISS, AUSTRALIA, AUSTRIA, AND A NUMBER
OF LDC'S. KEY QUESTIONS AND OBSERVATIONS BY OTHER DELEGA-
TIONS ARE SUMMARIZED BELOW. USMTN WOULD APPRECIATE STR'S
GUIDANCE ON THESE ISSUES, TO INCLUDE ANY INFORMATION FOR
THE DELEGATION ONLY. A SEPTTEL COVERS QUESTIONS ABOUT
INDIVIDUAL TARIFF LINE ITEMS.

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2. U.S. HAS MADE NO OFFER ON MANY AGRICULTURAL PRODUCTS
ON GROUNDS THAT THE PRINCIPAL SUPPLIER HAS NOT REQUESTED
A CONCESSION ON THOSE PRODUCTS. U.S. DIFFERENTIATES IN
ITS OFFER BETWEEN THIS TYPE OF PRODUCT, USING THE SYMBOLS
AB AND A DASH IN THE OFFER COLUMN, AND THOSE WHERE NO
OFFER IS MADE IN RESPONSE TO A REQUEST BY THE PRINCIPAL
SUPPLIER, USING THE SYMBOLS AX. WE ARE BEING ASKED HOW

A U.S. OFFER ON PRODUCTS IN THE FIRST CATEGORY CAN BE ELICITED WHEN THE PRINCIPAL SUPPLIER HAS NOT REQUESTED AND DOES NOT INTEND TO REQUEST SUCH AN OFFER. WHEN WILL THE UNITED STATES RESPOND TO REQUESTS RECEIVED TOO LATE TO BE CONSIDERED FOR THE JANUARY 23 U.S. OFFER? USING ONLY ONE YEAR (1976) IN DETERMINING PRINCIPAL SUPPLIER "DISQUALIFIES" A REQUESTING COUNTRY WHICH, DURING AN EARLIER YEAR WAS THE PRINCIPAL SUPPLIER (E.G., CERTAIN CANNED DECIDUOUS FRUITS FROM AUSTRALIA, CANNED CRAB FROM CANADA).

3. THE U.S. TARIFF OFFER IS EXPRESSED IN AD VALOREM EQUIVALENT TERMS ONLY ALTHOUGH A LARGE PART OF U.S. TARIFF RATES ARE SPECIFIC OR COMPOUND RATES. WHEN DOES THE UNITED STATES INTEND TO PRESENT ITS OFFERS IN LEGAL RATE TERMS? IN THIS CONNECTION, THE INTRODUCTION TO THE U.S. OFFER STATES THAT SOME COMPOUND OR SPECIFIC RATES MAY BE CONVERTED TO AD VALOREM RATES. HOW WILL THE U.S. CALCULATE THOSE RATES? WHEN WILL THIS BE CLARIFIED IN THE U.S. OFFER? WHICH ITEMS IN PARTICULAR IS THE U.S. CONSIDERING? DOES THE U.S. INTEND TO CONDUCT A CONCURRENT ARTICLE XXVIII NEGOTIATION TO ACCOMPLISH THIS, AS GATT RULES REQUIRE? IF DECISIONS ON THE FOREGOING ARE NOT MADE QUICKLY, HOW CAN THE JULY DEADLINE BE MET? THE U.S. TARIFF OFFERS ON ITEMS WITH COMPOUND RATES, SUCH AS WOOL TEXTILES, ARE EXPRESSED IN AVE TERMS ONLY. WHEN LIMITED OFFICIAL USE

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WILL THE U.S. SPECIFY WHETHER IT IS OFFERING REDUCTIONS ON JUST THE SPECIFIC ELEMENT OR ON THE AD VALOREM ELEMENT OR ON BOTH?

4. THE INTRODUCTION TO THE U.S. TARIFF OFFERS SUGGESTS THE U.S. MAY APPLY SOME KIND OF CIF ADJUSTMENT FACTOR TO REDUCE ITS OFFER ON EACH ITEM. WHAT ARE U.S. PLANS, AND WHEN WILL THE U.S. SPECIFY ITS INTENTIONS? HOW WILL SUCH A FACTOR BE CALCULATED? THE U.S. OFFER CANNOT BE ASSESSED WITHOUT THIS INFORMATION; SUCH AN ADJUSTMENT WOULD NOT BE APPROPRIATE.

5. THE U.S. OFFER INDICATES THAT OFFERS WILL BE SPECIFIED LATER ON ASP ITEMS, PENDING ESCAPE CLAUSE ITEMS, AND CERAMIC DINNERWARE. THIS AMOUNTS TO \$3 BILLION IN 1976 U.S. IMPORTS. THE INTRODUCTION TO THE U.S. OFFER ALSO INDICATES THAT THE RATE ON WHICH THE OFFER MAY BE BASED ON THE MORE THAN A THOUSAND PRODUCTS ON THE FINAL LIST MAY BE REVISED, PRESUMABLY MOSTLY UPWARDS. WHEN DOES THE UNITED STATES INTEND TO SPECIFY ITS OFFERS ON EACH CATEGORY OF THESE ITEMS? IS THE U.S. NOW HOLDING PUBLIC HEARINGS ON POSSIBLE CHANGES? NOW THAT PRESIDENT CARTER

HAS DENIED IMPORT RELIEF UNDER SECTION 201 OF THE TRADE
ACT TO FERROCHROMIUM AND INDUSTRIAL FASTENERS, DOES THE
UNITED STATES INTEND TO OFFER FORMULA CUTS ON THOSE
ITEMS?

6. THE INTRODUCTION TO THE U.S. TARIFF OFFER SUGGESTS
POSSIBLE NOMENCLATURE CHANGES AND SIMPLIFICATIONS. WHAT
PRODUCTS ARE THE U.S. CONSIDERING, AND WHEN WILL THE
U.S. SPECIFY WHAT IT HAS IN MIND?

7. THE U.S. OFFER INTRODUCTION HAS MANY UNDEFINED
QUALIFICATIONS -- FOR EXAMPLE, BILATERAL AND SECTORAL
BENEFITS -- AND OTHER CONDITIONS AND LINKAGES TO SAFE-
GUARDS, NTM'S, INCLUDING SUBSIDIES, AND OTHER QUALIFICA-
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STR PASS CODEL
STR PASS USITC FOR HART

TIONS ABOUT STEEL AND TEXTILES. WILL THE U.S. SPECIFY

ITS CONDITIONS, BOTH GENERALLY AND SPECIFICALLY, EARLY
IN THE BILATERAL PHASE, OR DOES THE U.S. INTEND TO DO
THIS MIDWAY THROUGH THE NEGOTIATIONS? MCDONALD

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